FTAA NEGOTIATING GROUP ON INTELLECTUAL PROPERTY
Public summary of U.S. Position

Scope:

The U.S. proposal for the FTAA Chapter on intellectual property complements and adds to obligations that the United States and most FTAA countries have undertaken through the WTO *Agreement on Trade-Related Aspects of Intellectual Property Rights* (TRIPS Agreement) to protect copyrights, patents, trade secrets, trademarks, and geographical indications and to ensure that they have adequate domestic enforcement procedures in place to protect those rights. The United States is already in compliance with the requirements of the U.S. proposal. FTAA countries will need to make adjustments to their intellectual property rights regime in order to comply. The following summary highlights some of the key elements of the U.S. proposal.

i. Copyright.

In the area of copyright protection, we propose that FTAA countries become parties to the *World Intellectual Property Organization* (WIPO) *Copyright Treaty* and *WIPO Performances and Phonograms Treaty*. The two copyright treaties establish important rules for the protection of copyrighted works in a digital network environment. For example, the treaties call for governments to: 1) ensure that authors, program writers, and composers have the exclusive right to make their works available online; 2) prohibit tampering with the technology designed to manage access to, and compensation for, music, programs, and literary works provided over the Internet; and 3) prohibit actions to circumvent technology intended to guard against copyright piracy. The U.S. proposal also serves to clarify these treaty obligations to ensure they will be implemented in a balanced manner that takes into account the interests of both copyright holders and the public.

ii. Trademarks and Geographical Indications.

For trademarks, the U.S. proposes that FTAA countries abide by WIPO's 1999 "Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks." The joint recommendation elaborates on the trademark rules prescribed by the 1967 *Paris Convention for the Protection of Intellectual Property* and the TRIPS Agreement. The U.S. also proposes FTAA countries join the 1989 protocol to the *Madrid Agreement Concerning the International Registration of Marks.* The protocol streamlines the trademark filing process by allowing applicants to use national offices as gateways for filing applications in other countries. In addition, it is proposed that FTAA countries not require trademark owners to register their trademark licenses as a precondition for establishing their validity or for asserting trademark rights.

The U.S. proposal also clarifies the relationship between trademarks and geographical indications by confirming that geographical indications made up of words, letters, numbers, figurative elements, or even combinations of colors, must be considered to be trademarks. Because a trademark that is confusingly similar to an existing trademark cannot be registered, the owner of an existing trademark

would be able to prevent a newly established geographical indication from being registered or used if that registration or use is likely to cause consumer confusion in relation to the existing trademark.

iii. Patents.

The U.S. proposal limits the circumstances in which FTAA countries can use a patented product or process, or allow third parties to do so, without the patent holder's consent (so-called "compulsory licensing"). Where FTAA countries provide for such use, it must adhere to the requirements applicable to compulsory licensing set out in Article 31 of the TRIPS Agreement and Article 5A(4) of the *Paris Convention*.

The U.S. proposal also addresses the limited situation in which generic pharmaceutical or agricultural chemical manufacturers can make, use or sell a patented product or process to obtain government marketing approval during the term of the patent so that they can compete with the patent owner soon after the patent expires. Under the U.S. proposal, FTAA countries would agree that so long as the patent remains valid the product or process may be made, used, or sold in their country by competitors only to meet marketing approval requirements.

The U.S. proposal also narrows the categories of products or processes for which, under the TRIPS Agreement, patents may be refused. The U.S. proposal limits such exclusions to: (1) products or processes whose commercial use in FTAA countries would jeopardize public order or morality, or seriously jeopardize human, animal, or plant health, or the environment; and (2) medical or veterinarian diagnostic, therapeutic, and surgical procedures.

In addition, the U.S. proposes that the grounds for revoking a patent be limited to the same grounds that would have justified a refusal to grant the patent. Furthermore, the U.S. proposes to extend the term of a patent to compensate for unreasonable administrative or regulatory delays that occuring while granting the patent.

iv. Trade Secrets

The U.S. proposal also serves to clarify Article 39.3 of the TRIPS Agreement, which requires governments to protect against "unfair commercial use" any undisclosed test data they receive as part of an application to market a new pharmaceutical or agricultural chemical product. The U.S. proposal makes clear that to implement this requirement, FTAA countries must prohibit any firm other than the company that produced the data from using or relying upon them without the latter's consent to obtain marketing approval for generic versions of the new product for at least five years after the country has granted marketing approval for the new product.

Some FTAA countries currently do not have the capacity to review data for purposes of granting marketing approval and instead rely on marketing approvals in other countries. Accordingly, for purposes of complying with TRIPS Article 39.3, the U.S. proposal clarifies that FTAA countries will prohibit companies from submitting evidence of marketing approval for a new product in another

country as a basis for seeking marketing approval in their country for a generic version of that product for at least five years after marketing approval for the new product was granted in the other country, unless the firm that obtained marketing approval in the other country consents to use of the evidence. In addition, the U.S. proposes that FTAA countries agree to prohibit non-consensual use of evidence of foreign government marketing approval in support of an application to market for a new use of an existing agricultural chemical or pharmaceutical product.

The U.S. text also proposes additional rules for patented pharmaceutical products and processes. It requires FTAA countries: (a) to grant pharmaceutical patent holders an extension on the term of their patents to compensate for any unreasonable delay in obtaining marketing approval for their products and (b) to notify the patent owner of the identity of any company that is seeking approval to market a generic version of the patented invention while the patent is in effect.

v. Enforcement.

The U.S. text proposes that FTAA countries significantly bolster their domestic procedures for the enforcement of intellectual property rights. For example, it will require FTAA countries to ensure that:

2. When intellectual property rights holders seek compensation for infringements, they can receive compensation for any harm suffered, based on the retail or other value the right holders have set for their products or works, and also recover profits the infringers made.

3. Government agencies have authority to seize suspected pirated and counterfeit goods, the equipment used to make or transmit them, and documentary evidence.

4. Government agencies are empowered to take criminal action against piracy and counterfeiting without waiting for a formal complaint by a private party or right holder.

5. Maximum criminal fines are high enough to deter and remove the incentive for infringements.